

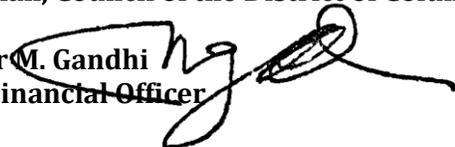
Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: October 22, 2013

SUBJECT: Fiscal Impact Statement – “Campaign Finance Reform and
Transparency Amendment Act of 2013”

REFERENCE: Bill 20-76 – Draft Committee Print shared with the Office of Revenue
Analysis on October 10, 2013

Conclusion

Funds are not sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill. The implementation of the bill would require the Office of Campaign Finance (OCF) to incur a one-time expenditure of approximately \$303,000 in FY 2014. This amount is not in the agency’s budget.

Background

The bill establishes new contribution rules and reporting requirements for District election campaigns and expands authority to prosecute violators of campaign finance regulations.

Included among the new campaign contribution rules are:

- 1) Contributions to a political campaign by affiliated businesses¹ must be combined under the overall limitation rules; and²
- 2) Money order and cash contributions are limited to \$100.

Included among the new reporting requirements are:

- 1) Bundled³ campaign contributions must be disclosed to the OCF; and

¹ Affiliated businesses are defined in the bill as “business entities that are related to other entities as a parent, subsidiary, or sibling, the control of one business entity by another, or two or more business entities commonly controlled by another person.”

² The objective of this rule is to eliminate multiple contributions by legally related businesses, which when combined, exceeds the maximum allowable contribution for a single entity.

The Honorable Phil Mendelson

FIS: Bill 20-76 –“Campaign Finance Reform and Transparency Amendment Act of 2013,” Draft Committee Print shared with the Office of Revenue Analysis on October 10, 2013.

- 2) Campaign finance reporting to OCF, including those for political committees, political action committees, and independent expenditure committees must be submitted through an on-line reporting system.

The bill requires the OCF to:

- 1) Train candidates and campaign treasurers on campaign finance rules; and
- 2) Develop an electronic reporting system for collecting campaign finance data.

The bill also heightens civil and criminal penalties⁴ and provides prosecutorial authority to the Office of the Attorney General (OAG) to prosecute violations of campaign finance laws concurrently with the United States Attorney for the District of Columbia.

Financial Plan Impact

Funds are not sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill.

The bill is expected to increase the number of entities required to file campaign finance reports (such as political action committees), which will increase the auditing and enforcement workload of OCF. The bill also charges OCF with providing mandatory training to campaign staff. This expansion of OCF workload was anticipated, and most of the resources required by OCF to implement these rules have been included in the budget for the agency.⁵

However, one area that was not anticipated is required upgrades to the electronic filing system necessary to fully meet the demand of required online reporting. It is estimated that this will cost OCF \$303,000. This cost is not currently budgeted in OCF.

It is not known exactly how many additional prosecutions will be handed by OAG under the expanded authority the bill grants it. However, it is not expected to be significant, and should be able to be absorbed within OAG's current resources.

³ The bill defines bundling as “to forward or arrange to forward one or more contributions from one or more persons by a person who is not acting with actual authority as an agent or principal of a [campaign] committee.”

⁴ D.C. Official Code § 1-1163.35 is amended to increase maximum aggregate civil penalties from \$2,000 to \$4,000.

⁵ OCF received an increase of \$604,000 in personal services to hire five auditors and four legal staff members. An additional \$104,000 in non-personal services was also budgeted for required software and equipment upgrades.